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Sahin, M.; Nijkamp, P.; Rietdijk, M.M.

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Cultural Diversity and Urban Innovativeness: Personal and Business Characteristics of Urban Migrant Entrepreneurs

Mediha Sahin
VU University
De Boelelaan 1105
1081 HV Amsterdam
The Netherlands
msahin@feweb.vu.nl

Peter Nijkamp
VU University
De Boelelaan 1105
1081 HV Amsterdam
The Netherlands
pnijkamp@feweb.vu.nl

Marius Rietdijk
VU University
De Boelelaan 1105
1081 HV Amsterdam
The Netherlands
mrietdijk@feweb.vu.nl

Abstract

This paper studies the driving forces for successful migrant entrepreneurship in Amsterdam. Three categories of migrants are investigated, viz. Moroccans, Surinamese, and Turks. Particular attention is paid to their personal and business characteristics. An extensive field survey was undertaken to identify the main background factors which influence the success and failure of migrant entrepreneurs. It turns out that personality, work discipline and business ambition are the critical success conditions for a good business performance of migrant entrepreneurs. In contrast to our assumption, migrant networks and support systems have no positive or negative influence on business performance.

KEYWORDS: *migrant entrepreneurship, driving forces, critical success conditions*

1. MIGRANTS IN BUSINESS

In an open and globalized space-economy characterized by an increasing degree of urbanization, modern cities function as the habitat of international migrants and magnets of economic growth, in which small and medium-sized enterprises (SMEs) are a source of new jobs, business dynamics and innovation. Migrants are a significant part of the urban population and hence important vehicles for urban vitality in modern cities. Their businesses are critical for urban economic development of cities, especially because of their large share in SMEs. SMEs are often seen as a source of new jobs, business dynamics and innovation. A positive and significant correlation between entrepreneurship and economic performance has often been found in terms of growth, firm survival, innovation, employment creation, technological change, productivity increases and exports (Audretsch, 2002).

In recent years, self-employment amongst migrant minorities has grown significantly in the Netherlands and in other countries, and migrant entrepreneurs have been the subject of increasing interest. Encouraging migrants to become self-employed has been an important feature of national and local policy making for a number of years. The recent literature has documented that migrant businesses are one of the fastest growing sectors in the Dutch economy. The entrepreneurship rate of migrants is growing far more rapidly than that of the native Dutch population. Despite the fast growth of migrant entrepreneurship in the country, empirical information that documents socio-economic differences in the business performance of migrant entrepreneurs is lagging far behind the rapid growth of migrant entrepreneurs. Previous empirical research has mainly focused on knowledge about native entrepreneurs as strategic input for Dutch policy, education and research. It is noteworthy that the rate of participation in entrepreneurship differs greatly among the various migrant populations (Kloosterman, 1999). Success in establishing their own enterprise is clearly different amongst the various minority groups. When comparing the migrant origin of active migrant entrepreneurs from Turkish, Moroccan and Surinamese ethnic origin in the Netherlands, we can see that the biggest group is formed by Turkish entrepreneurs (Sahin et

al., 2006). But the question is: Are they also the strongest entrepreneurial group with a higher rate of business performance in accordance with their higher rate in entrepreneurship?

The focus of this paper will be on the business performance of urban migrant entrepreneurs, in order to explore and review significant difference in business performance between the above-mentioned three entrepreneurial migrant groups in the Netherlands. The difference in business performance will be explained in terms of their personal and business characteristics, as well as of their participation in social networks, on the basis of a sample of the migrant population in the city of Amsterdam. Applying a blend of theoretical and applied research, our study will address the question: *Are there significant differences in business performance between distinct groups of migrant entrepreneurs in the service sector (notably, tax and consultancy offices) in the city of Amsterdam, and – if so – can these differences be explained by their personal and business characteristics and by their degree of participation in (in)formal network-support systems?*

We first discuss some key aspects of migrant entrepreneurs in the Netherlands, which includes explanations of the different patterns of self-employment among migrant groups – particularly Turkish, Moroccan and Surinamese entrepreneurs – regarding their personal (e.g. age, marital status, education, traits) and business characteristics (e.g. experience, the role of the family in the business), as well as their participation in social networks (in particular, the role of business-support agencies and others in the development of their businesses).

Our study comprises a wide-ranging literature search in order to: (a) develop a theoretical framework leading to appropriate hypotheses to identify the causes and backgrounds of possible differences in business performance of relevant migrant groups; and (b) undertake an experimental analysis to analyse the extent to which factors related to ethnic network constellations influence business performance. The hypotheses, inter alia, concern the specific personal and business characteristics for urban business incubation, and the social network support systems in urban communities. This study is based on primary data collected in 2007 in the city of Amsterdam. The research hypothesis will be tested, using empirical fieldwork in the city of Amsterdam, by means of survey questionnaires. The basic premise is that significant differences emerge in the individual and business characteristics between those groups that do participate in social networks and those who do not. This paper is structured as follows. First, we provide a brief overview of the literature on migrant entrepreneurship. Next, we examine the background and the development of migrant entrepreneurship in the Netherlands and compare the main migrant groups, viz. Turks, Moroccans, and Surinamese, in terms of their entrepreneurial behaviour. The next section outlines the conceptualization of the selected variables and presents a review of the personal and business characteristics of successful entrepreneurs from the literature. This section also details the moderating influence of participation in the social networks of the native and migrant entrepreneurs in the Netherlands. Finally, the last section concludes with a discussion on differences in entrepreneurial behaviour and business performance and with recommendations for further research in this field. The following subsections examine the background and the development of migrant entrepreneurship in the Netherlands since 1960 and compare the main migrant groups, viz. Turks, Moroccans, and Surinamese, in terms of their entrepreneurial behaviour.

1.1. Migrants and Entrepreneurship in the Netherlands

The phenomenon of ‘migrant entrepreneurship’ (ME) refers to business activities undertaken by migrants of a specific socio-cultural and ethnic background or country of origin. ME distinguishes itself from ‘normal’ entrepreneurship through its orientation on migrant products, on migrant market customers, or on indigenous migrant business strategies (Choenni, 1997). There are several reasons why migrants opt for entrepreneurship. Jenkins

(1984) has identified three basic explanatory models of ethnic involvement in business. These three basic explanatory models refer to: (i) the economic opportunity model; (ii) the culture model; and (iii) the reaction model. The *economic opportunity model* regards migrant minority businesses as relying on the market for their fortunes. The *culture model* assumes that some cultures predispose group members towards the successful pursuit of entrepreneurial goals. The *reaction model* assumes that self-employment amongst members of migrant minority groups is a reaction against racism and blocked avenues of social mobility, a means of surviving at the margins of a white-dominated society. Metcalfe et al. (1996) and Clark and Drinkwater (1998) identified the desire to avoid labour market discrimination in the form of low-paid jobs as a principal explanation for the entry of migrants into self-employment. They claimed that there is a substantial variation between migrant groups in self-employment, but in general they earn less than whites, even whites with similar characteristics. According to Waldinger et al. (1990), migrant minority businesses are a product of the interplay of opportunity structures, group characteristics, and strategies for adapting to the environment. Many migrants prefer the independence of entrepreneurship to a poorly paid job at the bottom of the labour market ladder. With the starting up of a new enterprise, these people hope to increase their income and climb up the social ladder.

A prominent characteristic of migrant entrepreneurship is the influence of family and co-ethnic labour on the business. Co-ethnic labour is a critical source of competitive advantage for migrant business, since it is cheap and the problem of supervision is made easier (Mitter, 1986). A consistent finding of previous research on migrant minority businesses is their low propensity to use mainstream business-support agencies, often relying instead on self-help and informal sources of assistance (see Deakins et al., 1997; Ram and Smallbone, 2004, Carter and Jones-Evans, 2006). The low propensity of migrant entrepreneurs to use mainstream business support is caused by demand- and supply-side considerations. Demand-side issues refer to a low level of perceived need or a lack of interest in receiving external assistance. Supply-side issues refer to the inability to reach out to other firms, to the inadequate database, and to the inappropriateness of the product-oriented approaches used by many support agencies. Migrant entrepreneurs usually participate less in formal native networks, like retailer groups, trade associations and franchise organizations.

Although migrant groups are not uniform and display a great variation in motives, attitudes and behaviour, migrant enterprises and migrant entrepreneurs have some similar characteristics (CEEDR, 2000; Deakins, 1999; Kloosterman et al., 1998; Lee et al., 1997; Masurel et al., 2002; Ram, 1994). Baycan-Levent et al., (2003) have made an in-depth study of entrepreneurship diversities. They investigated migrant differences in enterprises and entrepreneurs' characteristics between male and female natives and non-natives. The following is based on their findings on the issue of migrant entrepreneurship. Migrant and native entrepreneurs differ in: (i) personal characteristics (migrant entrepreneurs are younger than their native counterparts); (ii) experience (migrant entrepreneurs have less formal or enterprise-related education or prior work experience than natives, and they have less entrepreneurial or management experience than natives); (iii) sector preferences and fields of interest (migrant entrepreneurs are less likely to own enterprises in goods-producing industries than native entrepreneurs); (iv) enterprises' features (migrant minority-owned enterprises are somewhat smaller and somewhat younger than native-owned enterprises); (v) networks (migrant entrepreneurs use less formal business-support organizations than natives); (vi) management styles (migrant entrepreneurs have specific management methods and enterprise structures); and (vii) training (migrant minorities tend to prefer less formal, experienced-based training, and to learn from their community-based informal networks, to be helped or mentored by this network).

The difference in entrepreneurial attitude and behaviour between the different groups and between different migrant populations in the Netherlands may have various causes. Different determinants of entrepreneurship, which combine various factors into an eclectic framework, have been defined by Verheul et al. (2001): i) psychological determinants: focus on motives and character traits; ii) sociological determinants: focus on the collective background of entrepreneurs; iii) economic determinants: focus on the impact of the economic climate and technological development; and iv) demographic determinants: focus on the impact of demographic composition on entrepreneurship. It is possible that for certain migrant groups some of the attributes of these four determinants will be more significant in increasing the chances of an individual to develop entrepreneurial behaviour. For instance, within the economic determinants it can be said that, whenever high unemployment rates and low average incomes are highly applicable to a certain migrant group, this group contain more individuals who are 'pushed' towards entrepreneurship in order to escape from the poor unemployment situation. In this case, many attributes may be applicable from these determinants which could explain the cause of strong or weak entrepreneurial behaviour. Chaganti and Greene (2002) showed several significant differences between natives and migrants with respect to variables relating to the entrepreneurs' background characteristics, business-related goals, cultural values, business strategies, and business performance. Given the growing importance of entrepreneurship, there is practical value in being able to identify entrepreneurial characteristics. Due insight into entrepreneurial behaviour of migrants is needed in order to develop an urban business culture in which migrants are no longer a source of problems but of great socio-economic opportunities, for both the migrant groups concerned and urban vitality. Strategic information will also be necessary for a promising urban policy development and will bring to light what kind of policy strategies can be envisaged to enhance the participation of traditionally less-privileged groups and to improve their business performance potential.

1.2. General Data on Migrants in the Netherlands

The Netherlands has shown a remarkable openness vis-à-vis foreigners, a situation that can clearly be observed in the history of all the cities in the country. At present, the share of migrants from the western world in Dutch society is approx. 20 percent, while the share of non-western migrants is about 10 percent (CBS 2003, 2004). From the non-western migrant population, three groups have a dominant position (namely, approx. 60 percent), viz. Turks, Moroccans and Surinamese. The Netherlands is increasingly faced with cultural and ethnic diversity as a result of international migration. International migration – either voluntary or forced – has changed the demographic face of cities in the country (see Table 1).

Table 1: Main migrant groups and natives in the largest cities in the Netherlands

Year	(x1000)	Natives	Turks	Moroccans	Surinamese
2002		13140.3	330.7	284.1	315.2
2003		13153.8	341.4	295.3	320.7
2004		13169.9	351.7	306.2	325.3
2005		13182.9	358.8	315.8	329.4
2006		13184.1	364.6	323.3	332.0
Migrant Groups (%)		Netherlands	Amsterdam	Rotterdam	The Hague
Moroccans		1.04	8.8	6.3	5.3
Turks		1.30	5.0	7.5	6.6
Surinamese		0.98	9.5	8.7	9.6
Others		2.40	9.5	9.3	8.3
Total of Migrants		6.32	34.3	35.1	32.1
Total of Natives		93.68	65.7	64.9	67.9
Total		100.0	100.0	100.0	100.0

Source: (CBS, 2004, 2006).

The migrant populations from Turkey and Morocco in the Netherlands are very similar regarding their demographic composition. They are, on average, the least well-educated and most likely to be married, and most migrants from these countries consider themselves to be Muslim. The migrants from Surinam and Antilles are better educated, more familiar with the Dutch culture and language, and more often single or single parents. All migrant populations have in common that they are relatively young as compared with the native Dutch population (Jansen et al., 2003). Migrants from Suriname and the Antilles also have similar demographic characteristics. Their age distribution is similar to the age distribution of migrants from Turkey and Morocco. Regarding the labour force participation rate of women and the share of married couples in the total number of households, they have much in common with the native Dutch population (Jansen et al., 2003).

The above-mentioned migrants often find themselves in marginal economic positions. The low qualification level of migrant minorities causes disadvantages in job level, participation level and earnings, in addition to unemployment. Migrants' low-level jobs can be explained by their personal characteristics like gender, family background, and experience. Migrant minorities have a disadvantaged position in the Netherlands concerning their participation and unemployment rates, as well as their earnings. The labour market position of the disadvantaged varies across migrant minority groups within this group, related to their migration history. According to Zorlu (2001), migrant minorities from Turkey and Morocco have the poorest labour market position. The Surinamese and Antilleans have a relatively better labour market position than the Turks and Moroccans. The Surinamese and Antilleans share a common history with the Dutch, and people from this group speak Dutch often as a mother tongue. Considering household income, the higher percentage of Surinamese, Antilleans, Turks and Moroccans in the lowest income category is remarkable, and so is the low percentage of Surinamese and Antillean women and Turkish and Moroccan men in the highest income category.

In mid. 2000, there were 36,461 economically active migrant enterprises within the Netherlands. The number of starting migrant entrepreneurs has strongly increased since the beginning of 2004. In 2003, there were 10,700 migrant entrepreneurs. In 2004, there were 12,800 migrant entrepreneurs, and in 2005 they had risen to 14,900. This was an increase of approximately 40 percent in two years. This concerns, moreover, persons who are not born in the Netherlands. Of the 14,900 starting migrant entrepreneurs, 4600 belong to the traditional large migrant group from Morocco, Turkey, Surinam, the Antilles and Aruba (Kamer van Koophandel, 2006).

Migrant entrepreneurs have some distinct features. Migrant enterprises are usually found at the bottom of the market, where less financial capital and specific knowledge is required, and entry barriers are thus relatively lower (Rath and Kloosterman, 1998). These markets are characterized by strong competition, mostly from co-migrants and based on price instead of quality, and the entrepreneurs often have to accept small profit margins, while relatively many are forced to close down after a short time (Rettab, 2001; Maas, 2004). In the Netherlands, approximately 60 percent of all migrant entrepreneurs are found in the more traditional sectors such as the wholesale, retail and catering industries (van den Tillaart, 2001). Furthermore, they make use of their social networks to acquire employees, informal credit and information, and also in the goods and services they offer they are often primarily targeting their own migrant community (Choenni, 1998, van den Tillaart and Poutsma, 1998). In particular, family and migrant networks are considered to be a crucial part of entrepreneurial success among migrants (van Delft et al., 2000).

While native entrepreneurs within the Netherlands usually borrow their starting capital from the bank, migrant entrepreneurs usually obtain this starting capital from their relatives. We can think in this case of parents, brothers, sisters, uncles and aunts. Family members often invest in the business, and therefore it is also in the interest of the family to make the business a success. In addition, personal money from the entrepreneur him/herself is also a widely-used financial source. It is still common that migrant people find it less easy to get a loan from the bank in comparison with the native Dutch population. Successful Turkish entrepreneurs within the Netherlands have often reached their success on their own or with the help of their family and friends.

Migrant enterprises are less equally spread across the population in comparison with other enterprises. They are particularly found in urban areas, especially in the western part of the country, where one can also find the biggest clusters of migrant populations. It appears that migrant enterprises have a better understanding of the needs and wants of their 'own group'. Also the role of family bonds and informal networks is important in this respect, as well as from a financial and personal perspective. Usually, migrant entrepreneurs find a niche in their immigrant community and start up in a culturally well-defined market, so as to provide typical ethnic services and products. An enclave economy can then positively affect the prospects of migrant entrepreneurs. Immigrant groups that produce a strong entrepreneurial group can be of great significance for the migrant business community, through job and opportunity creation. Thus, besides co-migrant clients, the migrant entrepreneur is close to his own migrant group when it comes to the workforce, business financing, or even informal networks for information gathering. Migrant entrepreneurs are even literally close to each other in the case of geographical clustering, since many migrant entrepreneurs start their enterprises in areas where there is already a large resident population with the same migrant background. The following section continues with the selected entrepreneurial traits and the findings on their influence on business performance.

2. THEORETICAL FRAMEWORK: DEPENDENT AND INDEPENDENT VARIABLES

Entrepreneurship is about success. The success of a business is explained by many factors, but the greatest determinant of business success is the entrepreneur himself. The diplomas, education, and business knowledge of the entrepreneur play an important role, but the personality of the entrepreneur is even more important. There are often difficult situations that entrepreneurs must deal with, and not everyone is able to cope with complex situations. People who start up and run a business need to know their own strengths and weaknesses, because 'entrepreneurship involves the ability to build a founding team with complementary skills and talents' (Timmons, 1994).

2.1. Personal and Business Characteristics

Personality characteristics are formed by the interplay between the individual and the environment. In this interplay, the life situation, experiences and changes in the individual's life play a central role (see Rotter, 1966; Littunen, 2000). Some attributes occur frequently in studies on entrepreneurship. The two most common theoretical and methodological approaches used to investigate the characteristics of entrepreneurs are demographic patterns, such as gender, birth order, marital status, role models, previous work experience (Aldrich, 1989; Brockhaus, 1982; Saffu 2003), and personality theory which emphasizes personal traits and natural tendencies (Carland and Carland, 1993; Hansemark, 1998; Johnson, 1990; McClelland, 1961; Saffu, 2003). Studies with a focus on migrants' position in society report that higher educational qualifications enhance both the likelihood of being an entrepreneur (Hirsch and Brush, 1986) and also the chances for greater success (Basu, 1998; Bates, 1997). Daly (1991) analyses the marital status of the self-employed and the importance of dependent children in determining self-employment rates. There is little difference between men with, and those without, dependent children. Women with dependent children are more likely to be self-employed. According to Daly (1991), the self-employment rate is much lower for single people than it is for married, widowed, divorced or separated people. This in fact reflects that successful people below the age of 25 are less likely to be married than those in the older categories (Carter and Jones-Evans, 2006). Marriage seems to provide support in establishing a successful enterprise. There are few differences in gender. Divorced men have higher self-employment rates than divorced women. This is probably caused by the dominant role that the man has in many of the family partnerships. The entrepreneur's level of education has for long been seen as a crucial factor in determining both the actual entry into self-employment, and the longer-term success of the business (Carter and Jones-Evans, 2006). The results of studies to analyse these factors over recent years have brought to light an interesting inconsistency. Entrepreneurs with employees are more likely to have formal qualifications than those without employees. Daly (1991) found that, generally, entrepreneurs appear to have a higher level of educational achievement than their employees.

Furthermore, in studies of entrepreneurship it is possible to differentiate between two schools of thought: one based on the *trait model* and the other on contingency thinking (Littunen, 2000). The trait approach focuses on personal characteristics and has been used to find out why some individuals become entrepreneurs and others do not, and to determine whether strengths of individuals' characteristics could predict entrepreneurial behaviour (Brockhaus, 1982; McClelland, 1961, 1965). In these studies, the personality traits of the successful entrepreneur are not looked at in the context of the prevailing situation. On the other hand, following the models based on *contingency thinking*, the characteristics needed in entrepreneurship are bound up with the firms' environment and the prevailing situation (Gilad and Levine, 1986). According to Hornaday and Aboud (1971) successful entrepreneurs have different characteristics (Saffu, 2003). According to Brockhaus (1982), locus of control, risk-taking propensity and achievement motivation are important factors in the decision to start a business. The theory of the need to achieve suggests that individuals with a strong need to achieve often find their way into entrepreneurship and succeed better than others as entrepreneurs. McClelland (1961) determined that those greatly in need for achievement tended to exhibit the following behavioural traits; they take personal responsibility for finding solutions to problems, set moderate goals, take calculated risks, and want feedback regarding performance. McClelland (1965) claimed that these types of behaviour correlate strongly with entrepreneurial success. According to Rotter's (1966) theory, the individual's locus of control varies along the internal/external divide. The following features have been listed as the characteristics of an entrepreneur: (i) need for achievement; (ii) need for autonomy; (iii)

dominance; (iv) high energy level; and (v) persistence. As we mentioned above, a large number of traits or characteristics have been proposed to describe entrepreneurs. Next, we describe the three most important individual characteristics that are supposedly related to entrepreneurs: (i) need for achievement; (ii) locus of control; and (iii) risk-taking propensity. In our study we will also include personal characteristics regarding the entrepreneurs' age, ethnic origin, marital status, children, and education to investigate the influence on their business performance.

(i) Need for Achievement

Achievement motivation is prevalent among entrepreneurs. Achievement motivation can be defined as "behaviour towards competition with a standard of excellence" (McClelland, 1961). According to McClelland (1961), need for achievement is a strong psychological driving force behind human action and has for long been proposed as a factor influencing entrepreneurial behaviour. People who have high levels of achievement motivation tend to set challenging goals, and try to achieve these goals. It is also believed that individuals with a high need for achievement have a strong desire to be successful and are consequently more likely to behave entrepreneurially. These people value feedback and use it to assess their accomplishments. They have a strong desire for self-efficacy and persist with a task only if they believe they are likely to succeed. Individuals who are high achievers will choose a situation characterized by: (i) individual responsibility; (ii) moderate risk-taking as a function of skill; (iii) knowledge of results of decisions; (iv) novel instrumental activity; and (v) anticipation of future possibilities. Achievement motivation is accepted as an important characteristic of the individual and influences work behaviour to a great extent (Lumpkin and Erdogan, 2000). Recently, Miner decomposed McClelland's theory by developing five motivational patterns instead of the single achievement motive. This theory suggests that it is not possible to predict behaviour or performance on the basis of a single value, but that performance can be predicted by a complex set of values or motive patterns. Miner's five motive patterns that form an overall index of task motivation are: (i) self-achievement; (ii) risk-taking; (iii) feedback of results; (iv) personal innovation; and (v) planning for the future (Miner et al., 1989).

(ii) Locus of Control

The locus of control theory is the most commonly applied theory in research on entrepreneurship (Littunen, 2000). It has had a central position in personality research since the 1960s. The locus of control is a psychological factor which has been presumed to explain success as an entrepreneur, and to differentiate between entrepreneurs and other people (Aldrich and Zimmer, 1986). It refers to the perceived control over the events in one's life (Rotter, 1966). A person believing that the achievement of a goal is dependent on his own behaviour or individual characteristics believes in internal control. If a person believes that an achievement is the result of luck and external factors, they believe in external control. Therefore, locus of control is conceived as one determinant of the expectancy of success (Weiner, 1992). People's beliefs in personal control over their lives influence their perception of important events, their attitude towards life, and their work behaviour. Internal locus of control of the founders is associated with company performance (Boone et al., 1996). Overall, external control may be viewed as either positive or negative control. Positive external control supports and cooperates with personal control, increasing the expectancy of success. Negative external control hinders or limits personal control, decreasing the expectancy of success. Brockhaus (1982) also suggested that locus of control could distinguish entrepreneurs who are successful from those who are unsuccessful.

Research indicates that people with higher degrees of internal locus of control tend to monitor the environment to obtain information (van Zuuren and Wolfs, 1991). This tendency may be the result of a desire to act on the environment. Internal locus of control may also be related to risk-taking orientation. Research shows that ‘internals’ tend to estimate the probability of failure as lower and decide in favour of risky options (Hendrickx et al., 1992). As an example of this tendency, internals are found to plan to expand their businesses even when unemployment rates are high (Ward, 1993). These results show that firms in which the founders have higher internal locus of control may be more risk taking. In Levenson’s (1981) application, locus of control has three dimensions which measure, respectively, an individual’s belief in, respectively, internal control, control by others, or control by chance, fate, etc. The entrepreneur’s locus of control was measured by three different dimensions (Levenson, 1981): internal attributing, chance attributing, and powerful others.

(iii) Risk-taking propensity

Risk-taking propensity is defined as “the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he or she will subject him or herself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation” (Brockhaus, 1982). A person’s risk-taking propensity can be defined as his or her orientation towards taking chances in uncertain decision-making contexts. Mill (1984) suggested that risk-bearing is the key factor in distinguishing entrepreneurs from managers. Palmer (1971), Liles (1974) and Sarachek (1978) have suggested that the entrepreneurial function primarily involves risk measurement and risk taking. Risk taking is identified as a trait that distinguishes entrepreneurs from non-entrepreneurs and managers (Shane, 1996; Miner et al., 1989). The risk-taking propensity of the entrepreneur is expected to be related to the risk-taking level of the entrepreneurial firm. When entrepreneurs have the ability to influence the actions of the organization with their personal decisions, their personal characteristics may be reflected in the actions of the organization, and, as a result, the organization may be more risk taking. Risk-taking propensity may positively influence innovativeness, especially product innovativeness. Product innovativeness requires a certain degree of tolerance or predisposition for taking risks, because innovativeness benefits from a willingness to take risks and tolerance failures. The risk-taking propensity of the entrepreneurs will positively influence the innovative attempts of the employees, and as a result the organization may adopt an innovative orientation to face the competition.

Studies in entrepreneurship taking the context into consideration have found that risk taking was dependent on the entrepreneur’s age, motivation, business experience, number of years in business and education (Schwer and Yucelt, 1984). According to Basu (1998), business experience is also an important factor which also leads to self-employment.

2.2. Participation in Social Networks

The development of networking of entrepreneurs has attracted increasing attention in studies of (migrant) entrepreneurship, and network theories are increasingly applied to entrepreneurship research (Low and MacMillan 1980). Within the entrepreneurship literature, the term ‘network’ has been used to describe the notion of entrepreneurial networks with reference to industrial districts (e.g. Saxenian, 1990), support structures (e.g. Chaston, 1995) and the personal contacts of entrepreneurs (e.g. Birley, 1985; Aldrich and Zimmer, 1986). The social network has a wider cultural dimension. Culturally-induced values, attitudes and behaviour are of prime importance in explaining the nature of relationships. There is a difference between networking and the social network perspective. The network perspective can be used to study the network of relationships between individuals, groups and

organizations; the social network perspective focuses on the relationships between individuals. 'Networks' and 'Networking' can also be distinguished. Research has highlighted the importance of social networks and networking as an entrepreneurial tool for contributing to the establishment, development and growth of SMEs. The social networks of entrepreneurs play a number of important roles: (i) they generate social support for the actions of the entrepreneurs; (ii) they help extend the strategic competence of the entrepreneur in response to opportunities and threats; and (iii) they supplement the often very limited resources of the entrepreneur (Johannisson and Peterson, 1984). The networks are also very important for the innovation process of businesses. Furthermore, entrepreneurial networks can be categorized into two types derived from differential sources; informal and formal networks (Birley, 1985; Littunen, 2000). Informal entrepreneurial networks consist of personal relationships, families, and business contacts. Formal networks consist of venture capitalists, banks, accountants, creditors, lawyers, trade associations, licensing agreements, and supply-chain linkages with either suppliers or users (Carter and Jones-Evans, 2006; Das and Teng, 1997). A key distinction between informal and formal network relationships is based on the role of trust (Birley, 1985). Some researchers suggest that social networks assist small firms in their acquisition of information and advice, in their development of innovative products, and in their ability to compete (Birley, 1985; Rothwell, 1991; Brown and Butler, 1995; Carson et al., 1995; Conway, 1997; Shaw, 1997, 1998; Freel, 2000). The studies of entrepreneurial and small-firm networks, generally highlight the importance of family and friends, particularly during the early phase of entrepreneurial activity. An entrepreneur acts in interaction with the environment, and, when personal networks decrease or increase markedly, it is possible that such changes may also influence the motives, values, attitudes or personal characteristics of an entrepreneur (Littunen, 2000). According to Marlow (1992), migrant entrepreneurs do not appear to be benefiting from, or even using, formal networks, which is an important obstacle to business formation and growth. Migrant entrepreneurs generally had fewer opportunities to develop relevant experience, have fewer contacts, and have greater difficulty in assembling information resources in a majority-dominated environment (Brush, 1992; Carter and Rose, 1998). The family is an important financial and human resource for a migrant entrepreneur as a source for unpaid or underpaid employees. The utilization of family resources makes businesses more successful (Butler, 1991) and is also associated with long-term growth (Upton and Heck, 1997). According to Shoobridge (2006), (i) the support networks amongst majority and minority firms is vital for business success; (ii) ethnic minority networks tend to differ from those of the majority; (iii) ethnic minority networks tend to experience more obstacles to access networks; (iv) the reviewed studies tend to be descriptive and do not link the use of formal and informal networks to other important factors influencing firm performance; and (v) the independent variables associated with ethnic business and information support networks have not been linked to business performance, and have not been compared with the performance of native businesses.

2.3. Business Performance

Business performance is an essential concept in any study on entrepreneurship and entrepreneurial behaviour. The business performance of SMEs has been a source of an important policy and academic debate. Accurate and appropriate measurement of performance is critical in the entrepreneurship literature (Murphy et al., 1996). The lack of a suitable means of measuring performance is a serious obstacle for the development of theory, and it becomes difficult to develop useful guidelines for entrepreneurs. Entrepreneurs are judged on the basis of the performance of their businesses. Good performance influences the continuation of the business. According to Carter and Jones-Evans (2006), the performance of SMEs refers to their ability to contribute to employment and wealth creation through business

start-up, survival and growth. It is necessary to specify how the business performance will be measured exactly. Murphy et al. (1996) investigated the entrepreneurship literature and evaluated the dimensions and measures of performance used. They examined 51 published entrepreneurship studies using performance as the dependent variable and observed a total of 71 different measures of performance. Little consistency in performance measurement across studies was found; rather, a wide diversity of measures are relied upon. According to Brush and Vanderwerf (1992) and Murphy et al. (1996), the use of the term “performance” by researchers includes many constructs measuring alternative dimensions of performance. However, efficiency, growth, and profit were the most commonly considered dimensions. Other dimensions were: size, liquidity, success/failure, market share, and leverage. In Table 2 we include the most commonly-used performance dimensions, and measures of appropriate dimensions in this research.

Table 2: Most considered performance dimensions, and their indicators

DIMENSIONS			
I N D I C A T O R S	Efficiency	Growth	Profit
	Return on investment	Change in sales	Return on sales
	Return on equity	Change in employees	Net profit margin
	Return on assets	Market share growth	Gross profit margin
	Return on net worth	Change in net income margin	Net profit level
	Average return on assets	Change in owner	Net profit from operations
	Gross revenues per	Change in labour costs to	Clients' estimate of incremental
	Employee	revenue	profits
	Net sales to total capital	Job generation	Pre-tax profit
	Return on average equity	Change in present value	Price to earnings
S	Internal rate of return	Change in pre-tax profit	Average return on sales
	Relative product costs	Loan growth	Average net profit margin

Source: Murphy et al. (1996).

However, the measurement of business performance using economic data is often difficult and the profitability of a small business is not considered as a reliable measure of performance, since the way in which profit is distributed will tend to vary with the taxation obligations of the entrepreneur, with the asset structure of the business (Gibson, 1991), and with the intention of the entrepreneur for the business (Davidsson, 1995). Performance may be measured by either subjective or objective criteria. Arguments for subjective measures include difficulties in collecting quantitative performance data from the entrepreneurs and in the reliability of such data arising from differences in the accounting methods used by entrepreneurs (Kotey and Meredith, 1997). Subjective measures of performance are based on the owner's perception, so they increase the possibility of measurement error and the potential for bias (Delaney and Huselid, 1996). Objective performance measures include indicators such as profit growth, cash flow, earnings, net earnings per euro of assets employed, capital productivity, capital output ratio, rate of return on investment, revenue growth, expenditure/revenue ratio growth, total assets and employment (Kent et al. 1982). Profit is a commonly used objective measure of performance, as it is seen as an overriding business goal (Thomas and Evanson, 1987). Both absolute and relative profit values are used (Thomas and Evanson, 1987), although often relative measures of profit are preferred, because they take account of the scale of business (Kent et al., 1982). Performance is also measured in terms of growth. Examples of growth measures include changes in profit and sales. Growth – or the lack of it – provides an indication of the improvement or impairment of financial performance (Kent et al., 1994).

Postma and Zwart (2001) argued that, in order to measure the multidimensional performance construct, both objective and subjective measures should be included in the measurement instrument. The correct performance measures might be influenced by the size

of the business and the ambition of the entrepreneur. Venkatraman and Ramanujam (1987) have pointed out that firm performance is a multidimensional construct. They proposed the following proxies for firm and business performance: (i) financial performance refers to return on assets (ROA), return on sales (ROS), and return on equity (ROE); (ii) business performance measures market-related items such as market share, growth, diversification, and product development; (iii) organizational effectiveness measures refer to employee satisfaction, quality and social responsibility. According to Madsen (1987) and Matthyssens and Pauwels (1996), all measures of overall business performance can be grouped into distinct well-defined performance categories, representing financial, non-financial, and composite scales, as follows: (i) the “sales” category includes measures of the absolute volume of sales, export sales, or the export intensity; (ii) the “profit” category consists of absolute measures of overall export profitability and relative measures such as export profit divided by total profit or by domestic market profit; (iii) the “growth” measures refer to changes in export sales or profit over a period of time (whereas the “sales” and “profit” measures are static); (iv) the “success” category comprises measures such as the managers’ belief that exports contribute to a firm’s overall profitability and reputation (see, e.g., Raven et al., 1994); (v) the “satisfaction” indicators refer to the managers’ overall contentment with the company’s export performance (e.g. Evangelista, 1994); (vi) the “goal achievement” measures refer to the managers’ assessment of performance compared with objectives (e.g. Katsikeas et al., 1996); and finally, (vii) “composite scales” refer to measures that are based on overall scores of a variety of performance measures. To evaluate business performance, Shoobridge (2006) proposes the use of universal “financial indicators” such as: profits per employee, return on total assets, return on shareholders funds, return on capital employed, profit margin percentage, interest cover, liquidity ratio, and solvency ratio.

The businesses of migrants are perceived as smaller and less likely to grow (Butler and Greene, 1997). There are two explanations for this: (i) migrant entrepreneurs tend to enter fragmented business sectors defined by low barriers to entry, intense competition, low profit margins and low liquidity, which are survival mechanisms and therefore not initially designed for significant levels of growth; (ii) migrant businesses, especially those existing in an ethnic enclave, are perceived as serving largely a co-ethnic community and therefore potentially bounded by a niche-market demand. Other influential authors who link ethnic minorities to business performance are Hartenian and Gudmundson (2000); they linked cultural diversity in small business in terms of the firm’s overall number of ethnically diverse employees with the firm’s performance. They also focused on the business and managerial characteristics and their impact on the firm’s level of workforce diversity. They concluded that firms that had more diverse workforces reported a higher level of business performance. The following section continues with the methodology and database.

3. METHODOLOGY AND DATABASE

Our research is quantitative in nature and is based on survey questionnaires handed out to the respondents. The research questionnaire included open-ended and closed questions to collect the necessary information. It consisted of five sections and was designed to collect data on the personal features, business characteristics, entrepreneurial behaviour, participation in social networks and business performance of each respondent. The respondents are segmented in our research according to their ethnic origin, viz. Turkish, Moroccan, and Surinamese origin. Their ethnic origin is confirmed by the country of birth of the parents, as well as by the individual respondent.

3.1. Research Approach

The procedure for collecting the data was as follows; survey questionnaires were distributed in the city of Amsterdam to migrant entrepreneurs of different ethnic origin in the service sector. First, the entrepreneurs were asked if they were of Turkish, Moroccan, or Surinamese origin. In the case of an affirmative reply, they were asked if they would like to participate in our investigation. If they did not wish to participate, the reason for this was noted. The non-response rate was very low. In the sample, 2 Turkish entrepreneurs, and 5 Moroccan entrepreneurs did not participate, because they had no time, and 1 Turkish entrepreneur was not interested in the investigation. In this study, survey questionnaires appeared to be preferable to other methods, because of the large sample that was required.

The first part of the questionnaire starts with the general demographic characteristics of the respondents, such as: (i) ethnic origin (in this case the option is Turkish, Moroccan, or Surinamese); (ii) age; (iii) education level (this option can vary between secondary education, higher education, university, or something else); (iv) country of birth of the parents and the respondent (this is in order to classify to which generation of migrants the respondent belongs); (v) whether there is an entrepreneur in the family (this is in order to find out to what extent this option may influence the entrepreneurial attitude of a person); and (vi) besides these general questions, the respondents were tested on personal characteristics based on three attributes commonly attributed to entrepreneurs (see Table 3).

Table 3: Group statistics of characteristics of migrant entrepreneurs in Amsterdam

N= 83	PC* (3.35)			BC* (2.79)			NP* (1.59)			BP* (4.00)		
	TR	MR	SR	TR	MR	SR	TR	MR	SR	TR	MR	SR
N	35	25	23	35	25	23	35	25	23	35	25	23
Mean	3.44	3.39	3.17	2.93	2.69	2.69	1.63	1.48	1.65	4.12	3.95	3.88
Sd	.49	.42	.39	.47	.58	.49	.49	.51	.49	.55	.45	.41

Next, we can examine the profile composed of the main constructs: personal characteristics (PC.AVE), business characteristics (BC.AVE), and business performance (BP.AVE). The independent variable PC.AVE is constructed from 15 items concerning the need for achievement, locus of control, and risk-taking propensity. This variable consists of 15 items taken primarily from the E-Scan of Driessen and Zwart (2004). The E-Scan provides insight into necessary traits and capabilities for entrepreneurship. It is an objective tool for self-reflection for entrepreneurs and those who wish to start a business of their own. These characteristics are used in this study because they were the most frequently investigated and cited characteristics of the entrepreneur found in the reviewed entrepreneurship literature, and they showed a significant relation to entrepreneurship across several studies (Carland and Carland, 1993; Hansemark, 1998; Johnson, 1990).

The independent variable BC.AVE is constructed from 11 items about business experience, branch experience, innovation, total number of people working in the enterprise, funding, and items about the strategy of the business. The 15 and 11 items mentioned above are each recomputed to one variable. During the development of the main constructs, we performed a reliability analysis to investigate if we could use the constructs for further analysis. We measured these items by means of Cronbach's alpha and used a value of 0.6 or higher. The values for Cronbach's alpha for both items were sufficient to use in further research on the influence of migrant entrepreneurs on business performance.

Finally, the construct BP.AVE is based on objective and subjective business performance, which is linked to success. The objective criteria refer to market share, turnover, and profitability (e.g. net and gross profit). The subjective criteria refer to the entrepreneur's own opinion about the success of his/her business and satisfaction with the achieved results and business performance. Besides these variables, we also included internal and external

success factors, such as productivity, costs, stability, growth, business culture, reliability, market knowledge, employees, quality, price, innovation, products etc. in order to measure the business performance of migrant entrepreneurs. Each attribute is linked to five questions, whereby the respondent can answer on a 5-point Likert scale: namely, ‘strongly disagree’, ‘disagree’, ‘neither agree or disagree’, ‘agree’, ‘strongly agree’. Based on their answers, the respondent can score points varying between 5,4,3,2, and 1. Some statements are reverse-scored to minimize response-set bias and the halo-effect. Some researchers have reported high internal reliability for these measures (Ho and Koh, 1994). For each of the three traits, a higher score indicates a greater need for achievement, more locus of control, and higher risk-taking propensity. 5 points is the highest score per answer, while 1 point is the lowest score per question. The average of the scores is used for each of the variables and constructs. The averages are used in the statistical analyses to investigate differences between the three migrant groups (see Figure 8).

Next, the second part of our survey measures business characteristics. To measure business characteristics, respondents were asked to indicate their business and branch experience, number of employees, innovation, strategic information, legal status of the enterprise, etc.

A reliability analysis was carried out to explore the consistency of the items that were used to define the scales of the construct we used based on a Cronbach’s alpha of > 0.6 (van der Velde, 2000), (see Table 4). In this study we used the Kolmogorov-Smirnov test and a histogram to exhibit the normality of the constructs (see Figure 1). The standard normal distribution neutralizes the numerical differences and gives a general view of the distribution. However, because N=83, our sample is normally distributed.

Table 4: Cronbach’s alpha and the Kolmogorov-Smirnov test

	Items	Cronbach’s Alpha	Kolmogorov-Smirnov test (P=0.05)	μ	sd
PC	15	0.65	0.588	3.352	0.45
BC	11	0.83	0.467	2.790	0.51
BP	25	0.85	0.940	4.00	0.49

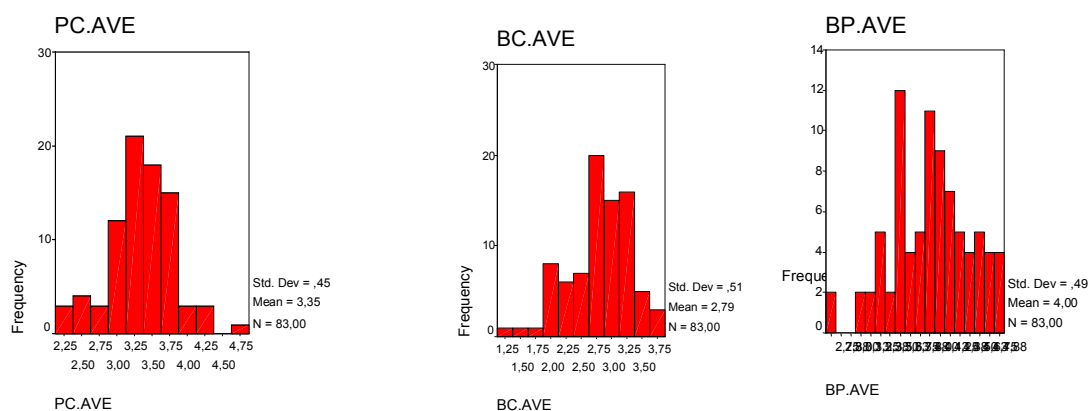


Figure 1: Normal distribution of the variables

3.1 Database on Migrant Entrepreneurs in the Service Sector in Amsterdam Area

Our study seeks to analyse the behaviour of first- and second-generation migrant entrepreneurs, within an age-range of between approximately 18 and 65. Since the aim of our research was the assessment of migrant entrepreneurs in the service sector, we have chosen to examine this particular group. The population was restricted to three migrant groups of people who are originally from Turkey, Morocco, and Suriname. This was done in order to compare these groups with each other in terms of their entrepreneurial behaviour – with a focus on

personal and business characteristics – and to find significant differences in their entrepreneurial behaviour which can explain the differences in rates of entrepreneurship and their business performance. These groups have been selected according to their size and presence in the service sector. The data used in this research came from questionnaire-based surveys undertaken as part of a conducted pilot study in the city of Amsterdam. This city has a large share of most of the migrant groups present in the Netherlands. The sampling was restricted to those enterprises that are owned by first- and second-generation migrant entrepreneurs of different ethnic origin in the service sector (e.g. consultancy, accountancy and tax offices). The total sample included 83 respondents who were entrepreneurs of small- and medium-sized enterprises in the service sector, namely 35 Turks, 25 Moroccans and 23 Surinamese (see Figure 2).

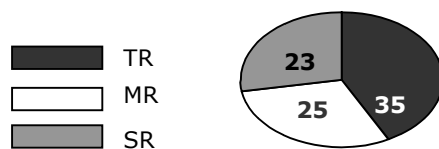


Figure 2: Distribution of sample of migrant entrepreneurs

From Figure 3 we can conclude that most entrepreneurs of Turkish origin were in the age group 30-35 (10.8 percent), while most of the entrepreneurs of Moroccan origin were in the age group 25-30 (15.7 percent), and most of the Surinamese entrepreneurs were in the age group 35-39 (8.4 percent). All together the most frequently occurring age category among the migrant entrepreneurs was the age group 25-30. There is a statistical outcome of 0.04 for the Pearson Chi-Square value (see Table 5). We can conclude that the entrepreneurs do significantly differ from each other regarding their age.

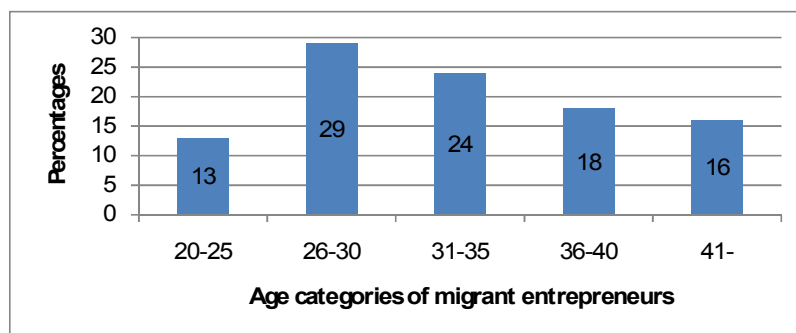


Figure 3: Age categories of migrant entrepreneurs

From Figure 4 we can see that the entrepreneurs of different ethnic origin are mostly male. The Pearson Chi-Square value in this case equals 0.956 (see Table 5), which indicates that there is no significant difference between the three groups.

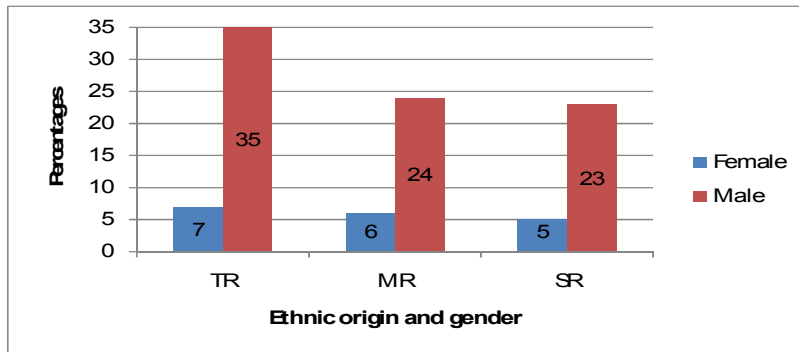


Figure 4: Gender distribution of migrant entrepreneurs

When comparing the level of education for the three groups, we can conclude that, in all sample groups, most of the respondents have reached a higher vocational education level (HBO), viz. 13.3 percent, 14.5 percent, and 8.4 percent, respectively (see Figure 5). However, most of the respondents of Surinamese origin have the highest level of education, viz. university level (WO). The Pearson Chi-Square value in this case appears to be 0.122 (see Table 5). We may conclude that, in general, the migrant entrepreneurs do not differ significantly from each other in the case of their education level.

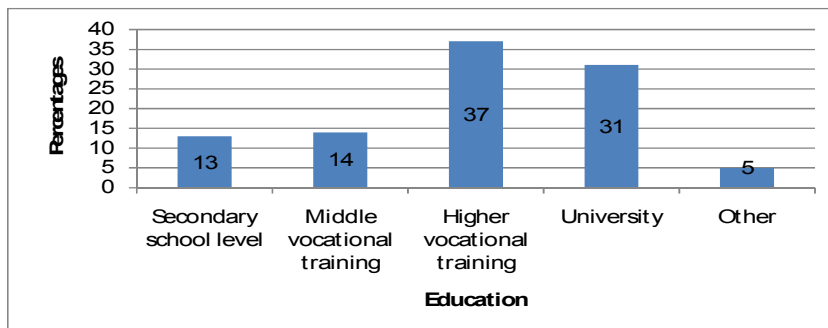


Figure 5: Education of migrant entrepreneurs

In addition, the country of birth of the entrepreneurs was examined. 26 entrepreneurs of Turkish origin were born in Turkey, while 13 entrepreneurs of Moroccan origin were born in Morocco. Amongst the Surinamese entrepreneurs, 12 were born in Surinam. The Pearson Chi-Square value in this case is 0.0001 (see Table 5), which indicates that there is a significant difference between the groups regarding their birthplace.

Furthermore, a comparison was made between the sample groups with respect to their marital status and children. From Figure 6, we can conclude that most respondents of Turkish origin were married (26.5 percent). Most of the Moroccan and Surinamese entrepreneurs were unmarried, viz. 15.7 percent and 18.1 percent, respectively. The Pearson Chi-Square value in this case is 0.024 (see Table 5), which indicates that there is a significant difference between the groups regarding their marital status. In Figure 7, we can see that most of the Turkish entrepreneurs have 2 children, while most Moroccan and Surinamese entrepreneurs do not have any children. This could be related to their marital status. The Pearson Chi-Square value in this case is 0.038 (see Table 5), which indicates that there is a significant difference between the groups.

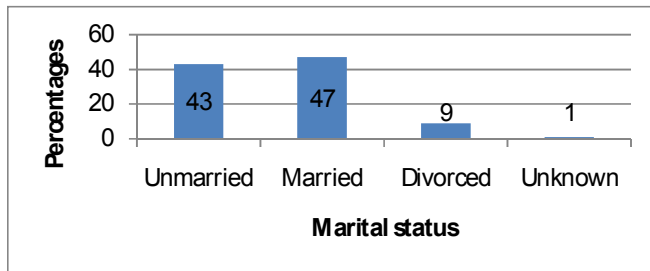


Figure 6: Marital status of migrant entrepreneurs

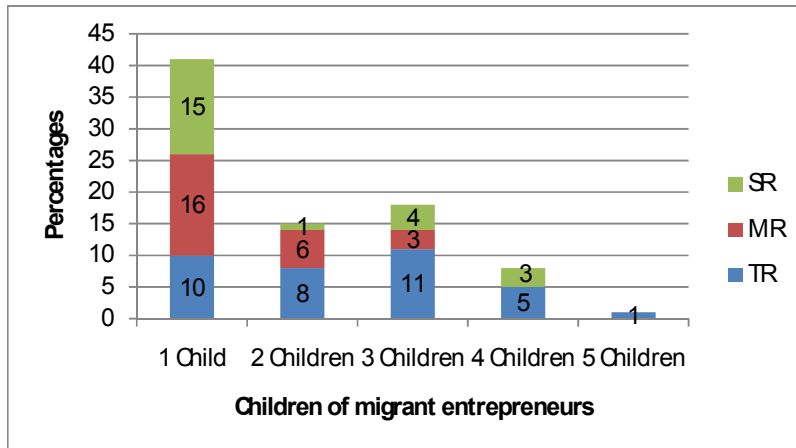


Figure 7: Children of migrant entrepreneurs

In Figure 8, we can see that most respondents of different ethnic origin do not have an entrepreneur in the family (69.9 percent). This is 26.5 percent Turkish entrepreneurs, 25.3 percent Moroccan entrepreneurs, and 18.1 percent Surinamese entrepreneurs. The Pearson Chi-Square value is 0.18 (see Table 5), which indicates that there is no significant difference between the groups.

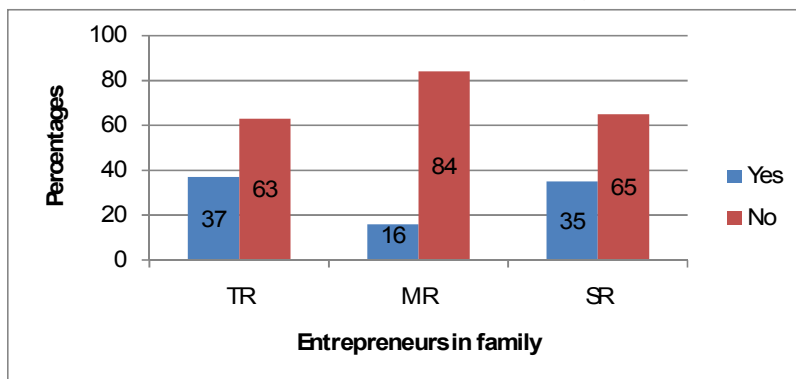


Figure 8: Entrepreneurs family by ethnic group

Finally, we investigated the participation level in (informal) networks (Figure 9). Most of the Turkish and Surinamese entrepreneurs did not participate in such networks. On the other hand, 13 of the 25 Moroccan entrepreneurs did participate in networks. The Pearson Chi-Square value is 0.4 (see Table 5), which indicates that there is no significant difference between the groups in the case of network participation.

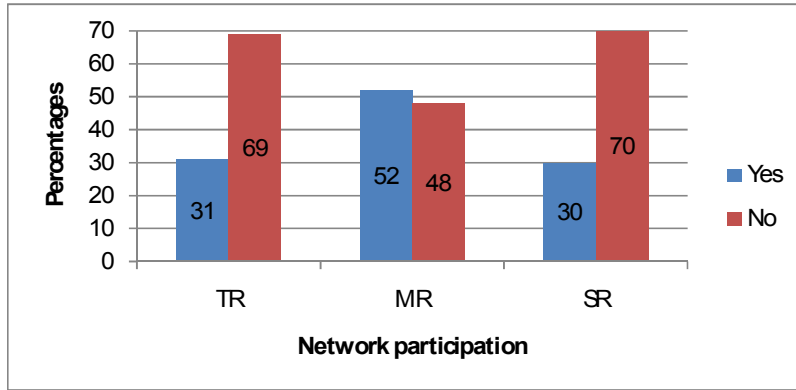


Figure 9: Network participation of migrant entrepreneurs by ethnic group

Table 5 presents an overview of the profile of the respondents and the Pearson Chi-Square (p-value) of the statistical difference. The Pearson Chi-Square is used here in order to find out whether there is a statistically significant difference between the selected migrant groups. We will use a reliability level of 95%, which indicates that there is a significant difference when the outcome is below a p-value of 0.05. The groups differ only significantly from each other in terms of their age, birthplace, marital status and children. The corresponding p-values of these variables are contained in Table 5.

Table 5: Pearson Chi-Square values of sample of migrant entrepreneurs

Variables	Pearson Chi-Square
Age	0.04*
Gender	0.956
Birthplace	0.0001*
Education	0.122
Marital status	0.024*
Children	0.038*
Entrepreneur in family	0.18
Network participation	0.4

*: significant

5. STATISTICAL RESULTS ON MIGRANT ENTREPRENEURSHIP IN AMSTERDAM

The findings of earlier research suggest that the successfulness of entrepreneurs is affected by their characteristics. Our study utilized personal and business characteristics that have been shown in the literature to be associated with business performance. In our study we investigate how the entrepreneurs measure success in their businesses, and whether they are satisfied with the success of their businesses. In this section we discuss the results of the statistical analyses. The results of the research will be handled in the statistical data processing program of SPSS, where we are interested in cross-correlations between the variables investigated (see Table 6). All our analyses are performed with a confidence interval of 95%. According to the outcomes of our research, the mentioned Hypotheses 1-5 in subsection 5.2, will be tested.

The first step is to investigate the correlation between the independent variables PC.AVE and BC.AVE. To test the feasibility of the research hypotheses advanced, we performed a correlation analysis to investigate the relation between variables before carrying out the main analysis. We assume that PC.AVE and BC.AVE will positively correlate with

each other. The significance of the result of the analysis was as expected, as stated in the underlying hypothesis of a relation between PC.AVE and BC.AVE. We observed a significant positive, but weak correlation between PC.AVE and BC.AVE (0.072). There was no observed significant correlation with the social network participation.

Table 6: Correlation of the independent variables

		BC.AVE	PC.AVE	BP.AVE	NETWORK
BC.AVE	Pearson Correlation	1	.198	.538 **	-.077
	Sig. (2-tailed)		.072	.000	.488
	N	83	83	83	83
PC.AVE	Pearson Correlation	.198	1	.322 **	-.097
	Sig. (2-tailed)	.072		.003	.383
	N	83	83	83	83
BP.AVE	Pearson Correlation	.538 **	.322 **	1	-.028
	Sig. (2-tailed)	.000	.003		.801
	N	83	83	83	83
NETWORK	Pearson Correlation	-.077	-.097	-.028	1
	Sig. (2-tailed)	.488	.383	.801	
	N	83	83	83	83

Note: ** Correlation is significant at the 0.01 level (2-tailed).

To estimate the strength of a modelled relationship between, on the one hand, the independent variables PC.AVE and BC.AVE, and, on the other, the dependent variable BP.AVE, we carried out a regression analysis. The regression analysis results for the effect of PC and BC on BP indicate that there is a positive relationship between these constructs. This means that, if the migrant entrepreneur has the appropriate personal and business characteristics, they will also have a higher score on business performance. Apart from these positive relationships, the variable network participation has no positive or negative influence on BP. To confirm the goodness of fit of this analysis of the model and the statistical significance of the estimated parameters, we include the R-squared values. This is the proportion of variability in a data set that is explained by a statistical model (see Table 7). R-squared increases as we increase the number of variables in the model (R-square will not decrease), so it is also important to look at the adjusted R-square. The adjusted R-Square penalizes the R-square by the number of variables used in the model. Finally, R-square is often interpreted as the proportion of response variation "explained" by the regressors in the model. Thus, in this case the R-square value indicates that approximately 35 percent of the variation in the response variable can be explained by the variable.

Table 7: Regression results for business performance model

Coefficients ^a					
R Square = 0.337		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	1.869	.380		4.912
	BC.AVE	.472	.089	.493	5.313
	PC.AVE	.244	.101	.224	2.414
					Sig.
					.000
					.000
					.018

Note: a. Dependent Variable: BP.AVE; Predictors: (Constant), PC.AVE, BC.AVE

In this table we can see that the positive and significant coefficient of the independent variables business and personal characteristics indicates a positive influence on the dependent variable business performance. Apparently, if the entrepreneurs have the appropriate

characteristics, they will perform better. This shows that these characteristics are relevant for the entrepreneurs' high business performance.

5.1. Research Hypotheses

In our study the construct of business performance is based on an objective and subjective definition of business performance, which is linked to success. In this case, objective business performance refers to the change in turnover, net and gross profit, personal income, and market share, while the subjective business performance refers to entrepreneurs' opinion about the success of their business and their satisfaction with the achieved results and business performance. Besides these variables, we also include internal and external success factors to measure the business performance of migrant entrepreneurs. Finally, in accordance with the previous review of the literature, the following hypotheses will be tested.

Hypothesis 1

Based on the previous research findings concerning personal and business characteristics and participation in (informal) networks, the main hypothesis of this study will be tested on the basis of the following statement:

“Personal and business characteristics and participation in (in)formal networks have a significant influence on business performance.”

H0: There is no significant relationship between personal and business characteristics, and participation in (in)formal networks and business performance.

H1: There is a significant relationship between personal and business characteristics, and participation in (in)formal networks and business performance.

Hypothesis 2

Based on the theory of need for achievement, locus of control and risk-taking propensity and the previous research findings that successful entrepreneurs are high achievers, prefer to take and hold total command instead of leaving things to external factors, and that risk-taking is a major entrepreneurial characteristic, this study postulates the following statement as a hypothesis:

“Migrant entrepreneurs with a higher score on personal characteristics have a higher business performance compared with migrant entrepreneurs with a lower score on personal characteristics.”

H0: Turkish entrepreneurs do not have a higher score on personal characteristics than Moroccan and Surinamese entrepreneurs.

H1: Turkish entrepreneurs have a higher score on personal characteristics than Moroccan and Surinamese entrepreneurs.

This hypothesis is put forward on the basis of the following statements:

a) Turkish entrepreneurs have a higher level of need for achievement than Moroccan and Surinamese entrepreneurs.

b) Turkish entrepreneurs have a higher level of locus of control than Moroccan and Surinamese entrepreneurs.

c) Turkish entrepreneurs have a higher level of risk-taking propensity than Moroccan and Surinamese entrepreneurs.

Hypothesis 3

Based on the previous research findings that business characteristics are of significant importance for business performance, this study postulates the following statement as a hypothesis:

“Migrant entrepreneurs with a higher score on business characteristics have a higher business performance compared with migrant entrepreneurs with a lower score on business characteristics”.

H0: Turkish entrepreneurs do not have a higher score on business characteristics than Moroccan and Surinamese entrepreneurs.

H1: Turkish entrepreneurs have a higher score on business characteristics than Moroccan and Surinamese entrepreneurs.

This hypothesis seems plausible on the basis of the following considerations:

a) Turkish entrepreneurs have more business experience than Moroccan and Surinamese entrepreneurs.

b) Turkish entrepreneurs have a higher level of innovation than Moroccan and Surinamese entrepreneurs.

c) Turkish entrepreneurs have a larger size of business than Moroccan and Surinamese entrepreneurs.

Hypothesis 4

Based on network theory and the previous research findings that networking is an important tool for contributing to the establishment, development and growth of SMEs, this study postulates the following statement and hypothesis:

“Migrant entrepreneurs with a higher participation rate in social networks have a higher business performance compared with migrant entrepreneurs with a lower participation rate in social networks”.

H0: Turkish entrepreneurs do not have a higher participation rate in social networks than Moroccan and Surinamese entrepreneurs.

H1: Turkish entrepreneurs have a higher participation rate in social networks than Moroccan and Surinamese entrepreneurs.

Hypothesis 5

Based on the previous research findings that business performance influences the successful continuation of the business, this study postulates the following hypothesis:

H0: Turkish entrepreneurs do not have a higher level of business performance than Moroccan and Surinamese entrepreneurs.

H1: Turkish entrepreneurs have a higher level of business performance than Moroccan and Surinamese entrepreneurs.

5.2. Testing Hypotheses

We used Levene's Test (Homogeneity-of-variances) to assess the equality in variance of the three samples in order to investigate differences between the three migrant groups. We used three of these tests since we have three independent samples. The significance level in this case is 95%, which means that, whenever the variance value test is below the significance level of 0.05, there will be a significant difference between the samples. Using Levene's Test we assume that the population variances are equal. In this case, Levene's Test assesses the equality of the variances of the population, which is far below the significant level of 0.05 and insignificant. This means that there is no significant difference in the average level of PC.AVE, BC.AVE and BP.AVE in the three samples.

Table 8: Levene's Test

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
NETWORK	1.046	2	80	.356
BC.AVE	.393	2	80	.677
PC.AVE	.244	2	80	.784
BP.AVE	2.498	2	80	.089

Although the results of the analysis of the variances (ANOVA F-test) are insignificant, we used a multiple comparison procedure, while for confirmation, the Bonferonni analysis was conducted on the hypothesis to determine which means are different from others between the three groups (see Annex I for the Bonferonni Analysis).

Table 9: Research Hypotheses

Hypothesis 1	<i>H1: There is a significant relationship between personal and business characteristics, and participation in (in)formal networks and business performance.</i>
Based on the regression analysis we can conclude that there is a significant relationship between the constructs PC.AVE, BC.AVE and BP.AVE.	
Hypothesis 2	<i>H1: Turkish entrepreneurs have a higher score for personal characteristics than Moroccan and Surinamese entrepreneurs.</i>
This hypothesis is represented by the construct PC.AVE. The significance level accounts 0.71. This is far above the significance level of 0.05. We can conclude, therefore, that there is no significant difference in the average level of PC between the samples. Therefore, the Turkish entrepreneurs do not show a higher score on personal characteristics than the other two groups of entrepreneurs.	
Hypothesis 3	<i>H1: Turkish entrepreneurs have a higher score on business characteristics than Moroccan and Surinamese entrepreneurs.</i>
This hypothesis is represented by the construct BC.AVE. The significance level is 0.232. This is far above the significance level of 0.05. We can conclude, therefore, that there is no significant difference in average level BC between the samples. The Turkish entrepreneurs do not show a higher score on business characteristics than Moroccan and Surinamese entrepreneurs.	
Hypothesis 4	<i>H1: Turkish entrepreneurs have a higher participation rate in social networks than Moroccan and Surinamese entrepreneurs.</i>
The significance level is far above the significance level of 0.05. We can conclude, therefore, that there is no significant difference in the rate of participation in social networks between the three samples. The Turkish entrepreneurs do not show a higher score for their participation rate in social networks than Moroccan and Surinamese entrepreneurs.	
Hypothesis 5	<i>H1: Turkish entrepreneurs have a higher level of business performance than Moroccan and Surinamese entrepreneurs.</i>
This hypothesis is represented by the construct of BP.AVE. The significance level is 0.127, which is far above the significance level of 0.05. Finally, we can conclude, therefore, that there is no significant difference between the samples. The Turkish entrepreneurs do not show a higher score for business performance than Moroccan and Surinamese entrepreneurs.	

From these data we can see that there is no significance difference between the attitudinal entrepreneurial features in the three samples of entrepreneurs from Turkish, Moroccan and Surinamese ethnic origin for any of the three variables.

6. CONCLUSION

Entrepreneurship is very important for the Dutch economy and the Netherlands' position of international competitor. Research shows there is a positive connection between entrepreneurship, on the one hand, and employment, innovation, and durable economic growth, on the other. An important result of 'entrepreneurship' is its contribution to social

bonding. Namely, entrepreneurship offers new entrepreneurs the ability to acquire a position in society and therefore enhance their further bonding and commitment. Entrepreneurship also has a positive image and in this respect contributes to better integration. At the same time, entrepreneurship is a good way to become economically independent. By means of independent entrepreneurship, the local economy also gets a boost and the quality of life will further develop. For instance, one result is the growth in jobs on a local scale, because the entrepreneurs need employees for their enterprises.

The rise of migrant entrepreneurship (ME), in general, appears to have had a favourable effect on the economy of the Netherlands. During the economic decline of the recent years, the presence of migrant entrepreneurs has sustained the urban economy. The country is largely dependent for its future welfare on the success of this group of entrepreneurs. The ambition and desire of migrant entrepreneurs to start their own businesses is much higher compared with the indigenous population of the Netherlands. Migrant groups that produce a strong entrepreneurial group can be of great economic significance for the migrant business community, as well as for urban economic development in cities and the community as a whole, through job and opportunity creation. Migrant entrepreneurs make a variety of contributions to the economic environment of their host and home countries. ME provides the opportunity for, and access to, economic growth, equal opportunity and upward mobility for many of those who have traditionally been excluded from business, including migrant minorities.

Besides the migrant network and support, the success of migrant entrepreneurs depends on their personality and work discipline, as well as on their attitude to be ambitious, patient, tenacious and self-confident. Other reasons for success are to work hard and conscientiously and to have good relationships with clients. To like the job and to do a good job, and to be supported by spouse and family members are also explanations for the success of migrant entrepreneurs (Baycan-Levent et al., 2003).

The most frequently studied personality characteristics in the entrepreneurship literature were need for achievement, internal locus of control, and risk-taking. Studies showed that the achievement motive could be strengthened and that this leads to a higher success in business. A similar relationship with success also appeared for locus of control. In contrast, high risk-taking is not or even negatively associated with business success.

Based on the three variables used in this study to investigate the differences in business performance according to three independent variables: personal and business characteristics, and social network participation of the entrepreneurs, the null hypotheses are not rejected, since there are no significant differences in results between the three migrant groups. We may therefore assume, that although the Turkish entrepreneurs form the biggest entrepreneurial group, they may not be the strongest entrepreneurial group, since the different migrant groups did not significantly differ from each other when considering their level of business performance and entrepreneurial characteristics.

The data for testing the above hypotheses were drawn from a sample of migrant-owned businesses in Amsterdam. This sampling frame was constructed from multiple sources: Centraal Bureau Statistiek (CBS), Kamer van Koophandel (KvK) and our own survey. Our database contains information on three migrant groups; Turks, Moroccans and Surinamese. The big cities in the Netherlands have a rich variety of migrant entrepreneurs. A significant number of these migrant enterprises and entrepreneurs are situated in the four main cities of the Netherlands, Amsterdam, Rotterdam, The Hague and Utrecht. Nowadays, an increasing group of migrants are becoming more and more entrepreneurial, and they are no longer seeking a paid job in the labour market. On the basis of the statistical analysis and the rejected hypotheses, it can be seen that the Turkish entrepreneurs do not have higher score on business performance with respect to the Moroccan and Surinamese entrepreneurs. This means that

there are no significant differences in business performance between the migrant entrepreneurs in business performance in the service sector in the city of Amsterdam that can be explained by their personal and business characteristics and their participation in (in)formal network support systems. Thus, in conclusion it might be said that, since the Turkish entrepreneurs are the biggest entrepreneurial group, we would assume that they also score higher on the level of their business performance. However, this turns out to not to be the case. The results from our research on risks and ethnic entrepreneurs are mixed, but apparently the knowledge and situational characteristics are a more important determinant of risk-taking than personality (Carter and Jones-Evans, 2006). In this study we included locus of control in the construct of personal characteristics to investigate the influence on business performance. But, in organizational psychology, the concept and measurement of locus of control has been heavily criticized (Furnham and Steele, 1993). According to some researchers the locus of control is a concept which should probably not be included in future empirical research on entrepreneurial behaviour.

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